

January 31, 2003

A MESSAGE FROM THE CHIEF FINANCIAL OFFICER

I am pleased to have the opportunity to share with you ACF's FY 2002 Audited Financial Statements and I am delighted that, for the fourth consecutive year, ACF has achieved a clean opinion from the auditors. I give special credit for our success this year to the dedication, cooperation and efforts of our program and staff managers and employees in ACF; the Program Support Center (PSC); Office of the Assistant Secretary for Budget, Technology, and Finance; Office of the General Counsel; Office of Inspector General; and the audit firm of Clifton Gunderson LLP.

We are all very proud of what we have achieved over the last seven years and actively promote our future successes by facilitating a close, collaborative audit process between ACF, PSC and our other partners. These joint efforts have paid off in concrete improvements to long-term problems. In FY 2001, ACF was cited with no material weaknesses and four reportable conditions (lesser weaknesses).

In the FY 2002 audit report, ACF was cited with no material weaknesses, but only two reportable conditions. This improvement was a desired goal among those of us committed to creating and maintaining a quality financial management environment. The two remaining reportable conditions reflect areas where we need further refinements made to systems and/or procedures – preparation and analysis of financial statements and electronic data processing controls. We continue to work with our partners to make the necessary improvements.

ACF is excited to be a partner with the Department and other Operating Agencies in Secretary Thompson's initiative to make HHS "one" Department. A major project in this effort is the establishment of a new, fully integrated, automated accounting system that will provide more timely and accurate financial data across the Department. Such a system will facilitate the production of more frequent financial statements, enhance our ability to accomplish appropriate and ongoing financial analyses on a routine basis, and improve the quality of financial data available to inform management decisionmaking and support program results. This Unified Financial Management System (UFMS) is expected to contribute to the resolution of one of our two remaining reportable conditions.

Also, we are actively engaged in and fully committed to the government-wide Federal grant streamlining project where, in the future, potential grantees will be able to apply for and receive grant funds through a single portal on the Internet. This is only one of the many initiatives underway to advance the government's efforts to become more customer-focused and citizen-centered.

ACF faces the challenge of completing its year end audit cycle by November 15th in the upcoming year while continuing to make improvements in the financial arena. It is my belief that based upon past history, the financial staff at ACF will rise to meet this challenge.

We welcome your interest in our audited financial statements. As ACF strives to achieve the highest levels of accountability, these statements help us focus our efforts and gauge our progress.

/s/

Curtis L. Coy